BUSINESS SUCCESS STEPS

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- 1. Develop a business vision (plan)
- 2. Legally protect your business
 - 3. Insure business assets
 - 4. Brand your product
 - 5. Retain great employees
- 6. Focus on your core competence and outsource the rest
 - 7. Develop competitive advantages
 - 8. Be client focused
 - 9. Wow your customers with world class service
 - 10. Live below your means with a solid finance system

Developing Your Business Funding Proposal





Have a Convincing Story and Answers to Many Questions?

- Your Work Proposition?
- Know Funding Requirements?
- Your Application Ready?
- Answers Face-to-Face?

Preparing Business Proposition like getting Ready for Interviews, but More Homework Required!



Sources for Funding Start of Career / Business

Equity (Ownership %)

- Personal Savings / Assets
- Family and Friends
- Sponsorship / Donor support
- · Profits retained in business

Debt ("Stakeholder" owns %)

- Banks and Credit Unions
- Micro Loans / Angel Funds
- Student Loans (not good idea)
- Credit Cards (usually bad idea)

Frequent sources





What Makes Up a Good Funding Proposal?



Reliable Sources looking for:

- Good Credit History
- Talent, Management skills, and commitment
- Feasible Business Plan
- Adequate Owner Equity
- Sufficient Assurances that Loan will be Repaid



What Makes Up Good Funding Proposal?



Lenders Might Also Ask About:

- Legal Claims/Liens/Judgments?
- Are any Assets Pledged Already?
- Tax Returns and all Credit Card Payments Kept Up-To-Date?
- Life Insurance (Cash Value)?
- Monthly Household Income?
- Monthly Household Expenses?



Know 6 C's of Convincing Funding Proposal

- Character
- Conditions
- Capacity
- Cash Flow
- Collateral
- Capital





Character



- Shown to Be Trustworthy
- Personal and Business Credit History to speak of
- Demonstrated Integrity
- Quality of References
- Experience in the Business
- 1st Impression you make on the Lender or Investor



Conditions



- Terms of Loan Proposal:
 - Intended Purpose of Loan
 - How Much is Requested
 - Time Duration of Loan
- Local Economic Climate for your Business / Trends + / -
- Local Economic Climate for competitive Businesses. +/-



Capacity

- How can your Business Make Products or Provide Services that you can Market & Sell?
- What makes you Think that your Business can be Successful?
- Once you Get Started, what factors would limit your Growth?
- What you Know about potential Competition? They Know You?





Cash Flow



- Where is the Money coming From to Repay the Debt Obligation?
- Where will all the Money need to Go to sustain the Business?
- Can you meet Other Obligations too (Taxes?)



Collateral

Additional Forms of Security:

- Secondary Source of Repayment
- Third Party Guarantee
- Tangible Assets
- Property of Loan Value
- Equipment of Loan Value
- · Accounts Receivable
- Inventory





Capital



- The Money or other Assets you have personally Invested
- Your Ability to save Money after Business Expenses Paid (including Loan Interest & Taxes), so that you can Grow.
- Your Ability to manage other obligations to the satisfaction of any "Stakeholders."



Turning Concepts into Funding Proposal



Common Concerns about Now:

- Writing "Business Plan" and filling out forms seems so complicated.
 I can't do all this on my own!
- I don't know about all the terms, the math to do financial figures, and legal stuff. It's overwhelming!
- Can't I just borrow a little money to get started, then learn as I go?

Businesses don't Plan to Fail – they often Fail to Plan!



Executive Summary

- Describe Your Business and Explain Funding Proposal
- How much Funding Needed?
- How Funding would be Used?
- Whether you will seek only Loan or also consider new Investors?
- When you will Repay Funding?





Business Management Profile



- Business Performance Trends
- Products or Services Offering
- Market Need for More Offerings
- Location / Competition Factors
- Management Team Experience
- Who Manages Use of Funds



Marketing & Selling Plans



- Target Market: Is it large enough to be profitable?
- How is your Product or Service different and/or better?
- How is the Market Reached?
- Cost of Sales projected?
- Required Pricing to achieve a worthwhile Gross Profit Margin?
- Who are your competitors and where are they located?



Know Value of Technology



- Product / Service dependent on Information Technology?
- Marketing & Selling Plans based on use of Technology?
- Financial Viability of Business dependent on Technology?
- Business / Career Startup requires cost of Technology?
- If YES to any such questions, then do Homework carefully!



Financial Statements

Income Statement

- Am I making Profit or Loss?
- How long to reach Profitability?

Cash Flow Projections

 Do I have enough sources of Funds to operate business?

Balance Sheet

– What are assets & liabilities?

Break-even Analysis

– Sales level = > O Profits?



Investment Return Enabled with Profit > \$0



Your Comprehensive Funding Proposal

- Summary of Funding Needs
- Business & Management Profile
- Marketing & Selling Plans
- Business Financial Statements
- Business Cash Flow Analysis
- Personal Finances/Tax Returns
- Investment Return Forecast





The Face-to-Face Meetings



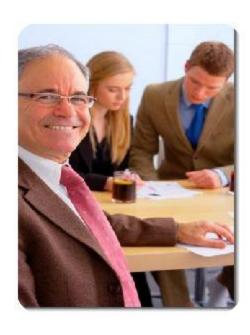
Chance Favors the Prepared

- Know your financial SWOT
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats
- Use your "Strengths" for your:
 - 30 second "elevator speech"
 - abbreviated presentation

... but Good Luck Anyhow



About SCORE



- Successful and experienced executives acting as volunteers
- Seminars and workshops
- Free Mentoring
 - One-on-one counseling
 - E-mail advice as well
- Resources for small business: www.score.com

